

Understanding customer relationship management (CRM) adoption in an Arab Middle Eastern context

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Understanding and Facilitating CRM Adoption: an Interdisciplinary Approach

Abstract

Research suggests a wide variation in how successful organisations are at adopting customer relationship management (CRM) initiatives. Over time researchers have examined this phenomenon from different disciplines, linked to marketing, management and information technology. More research is needed to review and integrate these disciplinary domains, to improve understanding of the factors that drive the adoption of CRM and other practices. Therefore, the aim of this paper is to contribute to a better understanding of the antecedents of CRM adoption using an interdisciplinary approach. The conceptual framework of this research is tested using a cross-sectional survey of more than 300 practitioners in Jordan. Using structural equation modelling analysis, results specify six underlying factors that explain CRM adoption: clear direction and objectives, performance measurement, segmentation analysis, rewarding usage, managing project changes, and knowledge management. Each area has implications for improving practices and maximising the benefits of adopting the process or management practice in question, here CRM. This paper identifies key practices to provide useful guidelines for organisations making plans to adopt CRM, with broader implications for the adoption of many systems and projects. It reveals a degree of synergy between three disciplinary strands of thoughts – marketing, management and information technology – relating to CRM adoption.

Keywords: Adoption process; CRM; Innovation diffusion theory; Knowledge management; Employees' perception; Marketing operations.

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1. Introduction

The increasing pace of technology has an evident potential impact on facets of relationship marketing. As a result, we witness the rapid growth in the number of organisations integrating customer relationship management (CRM) initiatives into their marketing strategies and working processes (Gartner, 2013). For many organisations, however, CRM has yet to deliver its promises (Kim *et al.*, 2012). The high failure rate of CRM projects suggests that researchers ought to provide business practitioners with better tools, which are useful for managing the adoption of CRM (Forrester, 2014).

Not surprisingly, industry studies have consistently emphasised that a lack of commitment to the core principles of CRM may explain why many organisations are disappointed by CRM implementation (Forrester, 2014; Zahay *et al.*, 2014). Hence, an understanding of potential factors influencing CRM adoption is crucial, exploring organisational, managerial and technological issues. With the view of contributing to such understanding, this paper aims at developing a holistic perspective of the major factors affecting the adoption of CRM. Against this backdrop, we believe it is pertinent to ask the following questions. What are the factors affecting CRM adoption? And why are organisations challenged by CRM adoption?

While there is a substantial body of literature concerning CRM and its adoption, research around this phenomenon is widely scattered and fragmented across different disciplines and perspectives (Gebert *et al.*, 2003; Reinartz *et al.*, 2004; Boulding *et al.*, 2005; Horn *et al.*, 2005). Although this makes a core approach difficult to map, such diversity indicates that adoption issues encompass a wide variety of technical, business and social factors, as found in the prevailing literature. Taken as a whole, the complexity of CRM reflects the need for a fundamental interdisciplinary approach to solve many of its problems. This paper presents an interdisciplinary approach that draws on marketing, management, information technology literatures to examine antecedents of CRM adoption. This holistic interdisciplinary approach takes account of essential conceptual interrelationships to benefit researchers and practitioners in the field.

To begin with, marketing scholars viewing CRM as a concept that adds value to the customer are primarily concerned with the essentials of customer-centric and relationship marketing (Grönroos, 2000; Tukul and Dixit, 2013). They view CRM as an effective business strategy, given that

customer-centric orientation places customer knowledge, interaction, acquisition, value, satisfaction, and retention at the centre of the value creation process. Management scholars propose that an organisation's strategic plan (Osarenkhoe and Bennani, 2007), internal marketing (Rigby *et al.*, 2002), and project management (Wilson *et al.*, 2002) all have a strong influences on the success of CRM. On the other hand, IT scholars focus on software applications and (eg: Wu and Wu, 2005) knowledge management (KM) (eg: Romano and Fjermerstad, 2003).

Although researchers from various disciplines have focused on different aspects of CRM, a fair overlap between these disciplines seems to exist. Especially with regards to knowledge management, it is worth mentioning that researchers from the IT discipline have discussed capabilities of KM which are noticeably linked to those elements of customer knowledge which have attracted the most attention from marketing researchers (eg: Garrido-Moreno and Padilla-Melendez, 2011). This is because customer-centric orientation, the driving strategy of CRM, often requires a comprehensive framework for a systematic management of customer knowledge. Theory from these three disciplines, and areas relating to their interrelationships in the way they support each other, is current but remains poorly integrated. We seek to bridge this gap and to contribute to the extant research of CRM from different disciplines by developing an integrated approach to theories from these three perspectives. More precisely, this study integrates the alternative disciplines/perspectives on CRM adoption in order to develop and empirically test a conceptual framework of the major factors affecting the organisational adoption of CRM.

CRM is highly implemented in the service sector, which is more likely to benefit from adopting a relational approach (Harwood *et al.*, 2008). The potential benefit of CRM makes it important for both developed and developing countries, as such, represents substantial research opportunity for scholars. While the value of the service sector counts for 78.4% in the UK, it is also significant in the developing countries; and in 2015, in Jordan for instance, the service sector counts for 66.4% (The World Bank, 2016). Compared to developing countries, Jordan is currently in a superior situation in regard to accessibility to internet services and information technology (Aladwani, 2003). With the increase of the total number of internet users from 127,300 in 2000 to 5.7 million in 2015, Jordan had a high internet penetration among individuals as 86.1% of its population access the internet (The Internet World Stats, 2015).

The services sector in Jordan is well advanced and generally adheres to the highest standards by benchmarking international best practices (European Union, 2015). In light of the recent development of information technology there, CRM has become one of the main strategies considered by businesses for enhancement of customer relationships. Hence, conducting this study in the Jordanian context is valuable, as organisations there have adopted CRM seeking to optimise their utilisation of information technology to manage customer relationships, similar to developed countries. We also believe that conducting our study there will provide significant contributions to further develop and advance our knowledge and understanding of CRM adoption in developing countries.

2. The CRM adoption process

In the enthusiasm, companies lost perspective. Too often organisations hand over CRM implementation to the IT department, which focus on installing CRM tools and solutions. This leads to creating an operational tool within the company, but the usability and effectiveness of such tool is limited. Researchers from different disciplines have suggested various frameworks to help organisations implement CRM successfully. In their critical comparison between the literatures of marketing and IS, Maklan *et al.* (2015) reveal that IS scholars have developed a better understanding and conceptualisation of the process of CRM investment and its impact upon business performance than their marketing colleagues. They further explain that this is particularly true because IS scholars consider a human and organisational perspective to the CRM system, as such, promote a greater role for CRM in strategic decision-making. While this view is central in the IS literature, it is mostly absent in the marketing literature aside from the well-established call for top management support.

In the information technology area, the general problem of innovation adoption is discussed using different theoretical foundations. Most studies have focused on individual acceptance, which refers to the idea that employees must use the CRM system to achieve marketing goals which are often correlated with other constructs (eg: Hsu and Chiu, 2004). The technology acceptance model (TAM) developed by Davis (1989) is particularly useful for explaining information system usage behaviour. However, it seems insufficient to simply consider employees perspective when describing organisational adoption of CRM; the adoption of CRM involves employees'

acceptance, while it is also related to the diffusion of organisational use (Wu and Wu, 2005). In other words, TAM is only useful at an individual acceptance context.

On the other hand, the work of Rogers (1983) on innovation diffusion theory (IDT) suggests that the decision to adopt a system into a company unfolds as a series of stages, flowing from knowledge of the existence of an innovation through to persuasion, decision, implementation, and confirmation. In their rare attempt to understand, in a generic sense, the adoption of a complex information system such as CRM, Ko *et al.* (2008) adapted the work of Rogers (*ibid*) on IDT. They focused on two main stages of IDT: persuasion, which they referred to as perception, and implementation. The perception stage refers to cognitive beliefs underpinning an attitude towards CRM. They argued that positive perception about CRM benefits would lead to decisions as to its implementation. In turn, this stage would depend on organisational deployment of specific CRM technologies/strategies. These two stages might be useful for reflecting on CRM adoption from two different angles: that of individual/employee acceptance and that of organisational adoption. This multi-stage approach to understanding CRM adoption holds that employees' perception of CRM offerings mediates the influence of CRM adoption factors on CRM implementation within an organisation.

Despite the efforts of Ko *et al.* (*ibid*), their study is limited to the effects of organisational characteristics (i.e. organisational size, CEO age, etc.) on CRM adoption, ignoring some other important organisational factors, such as strategy. Building on the two stages of the CRM adoption process proposed by Ko *et al.* (*ibid*), this paper attempts to examine the relationship of a wide variety of organisational factors with individual perception of CRM and subsequently CRM implementation across the organisation.

Businesses need to place emphasis on people issues as a priority, before investing in expensive CRM technologies (Shum *et al.*, 2008). Boulding *et al.* (2005), in their review of the CRM literature, emphasised the important role of employees, but noted that little is known about how employees relate to CRM activities. Vella and Caruana (2012) indicate that aligning employees' needs with CRM strategies is vital for CRM implementation. That is, while CRM must be incorporated into the work processes of the organisation, it can only succeed if the system is accepted by individuals as a way of thinking about customers as being valuable (Trainor *et al.*,

2011). Hence, it can be concluded that employees' perceptions of CRM benefits must play a key role in shaping an organisation's behavioural decisions about the implementation of CRM (Day, 2002). Building on this point, it is suggested that the beliefs or perceptions of individuals in an organisation, in relation to CRM benefits, tend to mediate the impact of external factors on the implementation of CRM.

H₁: Employee perceptions of CRM benefits mediate the effect of adoption factors on an organisation's implementation of CRM.

In other words, positive perception of CRM gives both purpose and direction towards its successful implementation. Such an understanding enables organisations to commit their efforts to creating a positive attitude towards CRM among employees, by providing an environment conducive to its adoption.

3. CRM adoption factors

Chen and Popovich (2003) view CRM as the combination of people, process and technology that seeks to serve customer-centric orientation in companies. Similarly, Jayachandran *et al.* (2005) conclude that CRM evolves from technological advances and organisational changes in customer-centric oriented processes. Given that researchers have consistently suggested related dimensions, we approach CRM from a similar perspective. This suggests that CRM adoption issues are not just technical, but encompass a wide variety of factors arising from the marketing and management disciplines as well as IT disciplines. Figure 1 represents an attempt to incorporate the vast and expansive scope of factors leading to CRM adoption from these three disciplines.

Figure 1: Three Perspectives on CRM Adoption Factors

	Discipline						
	Marketing	Management				IT	
Factors	Customer-centric orientation	Strategic Planning	Internal marketing	Culture and leadership	Project Management	Knowledge management	Innovation
Sub-Factors	customers' profitability	Clear direction embracing CRM strategy.	Change management	Resistant to change	Project Management Techniques	Capture	Ease of use
	Segmentation	Covering CRM in the performance measurement system	Communication	Supportive culture	Change control methods	Manage	Usefulness
	Acquisition	Developing a strategic set of activities for CRM adoption	Reward CRM usage	Leadership		Transmit	
	Satisfaction						
	Retention						

Each discipline appears to have its own distinct view of what constitutes successful CRM. However, there is a considerable overlap between these disciplines. For example, researchers from IT discipline focus on CRM characteristics and usefulness, which are linked to a certain extent to the elements of customer-centric orientation that receive most attention from marketing researchers. The insights from these disciplines and their overlaps are relevant for extending each discipline's perspective.

In-depth interviews with nine firms were conducted to ground the research and confirm factors of importance from a practical perspective. By relying on a combination of theoretical insights and field research, key factors were selected to focus on: emphasis on customer segmentation and satisfaction, clear direction, performance measurement, rewarding CRM usage, managing changes in CRM projects, and managing and sharing customer knowledge. The selection of nominated factors will be discussed in the following sub-sections.

3.1 The marketing discipline

Marketing scholars often criticise the practice of adopting CRM in organisations for not going far enough to reform an underlying culture that is customer focused. They argue that for CRM to reap its benefits, businesses need to consider it as a way of thinking that focuses on customers (Kim *et al.*, 2012). Hence, CRM should be approached as a way to make customer segmentation, acquisition, profitability analysis, satisfaction, and retention much easier for businesses (Tukel and Dixit, 2013). Given the relevant importance of these elements to businesses, they often arise in

most CRM studies from marketing domain (eg: Meadows and Dibb, 2012; Trainor *et al.*, 2011). Thus, it is logical that customer-centric orientation elements are worthy of serious considerations.

A juxtaposition of the literature on segmentation and CRM has resulted in the identification of a number of links between these two notions. According to Reimer *et al.* (2014), the prevailing literature of CRM mostly focuses on predicting customer purchases and/or analysing customer profitability. Meadows and Dibb (2012) propose that CRM adoption is a journey which begins with segmentation analysis and identification of profitable customers, and that customer insight provided by segmentation analysis is the first step towards customer-centric orientation. Moreover, Rigby *et al.* (2002) suggest that the adoption of CRM without ‘good old-fashioned segmentation’ is doomed to failure. This is mainly because the effective use of traditional segmentation analysis plays a critical role in helping businesses relate more easily to CRM values. Furthermore, reinforcing the link between segmentation and CRM allows for individualised customer treatment, increasingly imperative when businesses are seeking to broaden their understanding of customer needs, and to pursue the development of customer-centric marketing strategies (Clark and Baker, 2004). Therefore, an effective segmentation scheme may be derived by means of convergence between segmentation techniques and the current capabilities of CRM (Roland and Verhoef, 2005; Bailey *et al.*, 2009).

Researchers suggest that customer segmentation is essential for CRM implementation, for redefining CRM strategies and tactics, and for effective resource allocation (Meadows and Dibb, 2012). Subsequently, if organisations fulfil their responsibilities in building and updating customer databases with CRM analytical tools, they will be able effectively to segment customers and to focus on serving every customer individually, according to their unique needs and heterogeneity (Roland and Verhoef, 2005). This means that taking responsibility for segmenting customers, as a key trait of customer-centric orientation, which may include the activities of building and updating a customer database, is essential in order to meet the challenges of adopting CRM (Blattberg *et al.*, 2009).

H₂: Organisation’s emphasis on segmentation analysis will have a positive effect on employee perceptions of CRM.

H₃: Organisation's emphasis on customer satisfaction will have a positive effect on employee perceptions of CRM.

3.2 The management discipline

From a management perspective, businesses are concerned with organisational issues related to CRM business strategy development and implementation, and the role of people and organisations in managing CRM adoption. The review of the literature suggests that these organisational issues also include strategic planning, internal marketing, and project management.

3.2.1 Strategic planning

CRM involves substantial restructuring of organisational elements and processes, often planning strategic organisational change, with an aim to maximising the value of relationships with customers (Newby *et al.*, 2014). In such a case, strategic planning processes need to be adapted for the new customer-centric philosophy (Gurau *et al.*, 2003). More specifically, a strategic planning is needed to ensure that organisations have clear objectives, goals, and an implementation plan in order to keep the organisation engaged, focused and effective during the adoption process (Osarenkhoe and Bennani, 2007). Steel *et al.*, (2013) argue that a strong strategy is a prerequisite to focusing CRM solutions on business objectives which will yield the highest return on investment. Thus, it is suggested that clear CRM direction and objectives are basic criteria for employees' perceiving/evaluating CRM as potentially beneficial for their organisation, since these criteria provide accountability for strategies geared toward customer focus. Alternatively, if management forms sufficiently clear objectives of CRM, then the employees will adopt the same attitude in following CRM initiatives.

H₄: Having clear direction and objectives that embrace CRM strategy will have a positive effect on employee perceptions of CRM benefits.

Several studies suggest that organisations focusing on the important of performance measurement are more likely to perceive the benefits of implemented innovation (Morgan, 2004; Sawang *et al.*, 2006; Zahay *et al.*, 2014). Similarly, Payne (2006) suggests that in order to achieve CRM objectives, organisations need to focus on measuring whether the strategic aims of CRM have been delivered to an acceptable standard. Nevertheless, developing a performance measurement system

that is flexible with employee attitudes is a real challenge for organisations adopting CRM (Morgan, 2004). This is reaffirmed by the findings of Kim and Kim (2009) and indicating that the performance measurement systems used by organisations are generally under-developed in measuring CRM performance and aiding its adoption. Especially that the adoption of CRM is associated with long-term projects, so the question arises as to whether these projects are equally able to serve CRM objectives in each of the projects stages. This suggests that organisation needs first to define an appropriate CRM strategy and outline priorities fitting with its corporate business strategy, and then to build clear CRM measures to assess its strategy, and finally to cascade these across the organisation. This interrelated process would better lead to an in-depth understanding of CRM effectiveness and what should be done to achieve outcomes.

H5: Appropriate CRM performance measurement mechanisms in an organisation will have a positive effect on employee perceptions of CRM benefits.

3.2.2 Internal marketing and rewards

The leading exponents of CRM have urged caution on organisational and communication issues that may potentially hinder the effective adoption of CRM (Cascio *et al.*, 2010). Grönroos (2000), a vigorous leader of the Nordic school, stresses that effective relationship marketing is only attained by organisational practice of internal marketing, which generally involves creating an appropriate organisational climate. Such an understanding emphasises that internal marketing can be extended to creating an appropriate organisational climate for adopting CRM with cross-functional working quality (Ballantyne, 2000). As such, there is a strong need for businesses to motivate and influence their employees to adapt to the internal process as needed for effective CRM implementation (Rigby *et al.*, 2002; Shum *et al.*, 2008).

The literature shows that CRM implementation is aided by an organisation's use of a reward system to boost employee motivation and reduce resistance to change (Reintarz *et al.*, 2004; Kim and Kim, 2009). In particular, organisations offering incentives strongly oriented towards retaining, rather than capturing customers, are seen to be engaged in developing a very customer-centric culture (Day, 1999). According to Plakoyiannaki (2005), reward systems should acknowledge and reward the contribution of employees, since it is they who can best influence company outcomes in the workplace. Such rewards are likely to result in an enhanced sense of

impact, and in a reinforced perception of personal competencies. This means that successful CRM implementation needs an organisational structure and a reward system that specifically serve CRM initiatives rather than undermining them. For example, an organisation needs to have a way of measuring and rewarding customer satisfaction, which can be attained directly through surveys, or indirectly through monitoring proxy measures (Day, *ibid*).

H₆: Rewarding CRM usage will have a positive effect on employee perceptions of CRM.

3.2.3 Project management

The vast combination of technical elements and the myriad of organisational and employee issues make CRM adoption/implementation projects highly complex. For this reason, it is impossible to disregard the role of project management techniques and skills in determining successful CRM adoption (Ocker and Mudambi, 2003). Wilson *et al.* (2002) emphasise that project management teams need to monitor and control CRM implementation, in order to ensure flexibility and adjustments to unexpected changes. However, because of the complex nature of CRM projects, project managers may face difficulties in monitoring and adjusting project plans. Therefore, a CRM project plan needs to embrace cultural change issues within the project's scope, and to design for flexibility (Wilson *et al.*, *ibid*). Researchers suggest that organisations with a cross-functional team assembled from different departments react more rapidly and constructively to changes than mono-functional teams (Gefen and Ridings, 2002; Enz and Lambert, 2012). This is because a cross-functional team is able more effectively to communicate across IT and marketing departments (Tukul and Dixit, 2013). This results in maintaining employee team commitment to the success of a CRM project which, in turn, may lead to a better customised project that meets users' requirements. Such good communication management can increase the success rate of CRM projects, enhancing stakeholder understanding of the project and thus obtaining their support, gaining their commitment to deliver the CRM project's results (Man *et al.*, 2006).

H₇: Managing changes in CRM projects will have a positive effect on employee perceptions of CRM.

3.3 The IT discipline

Researchers from the IT discipline mainly discuss that an organisation implementing the CRM system needs the capability of capturing and pulling together vast amounts of information about customers. In particular, knowledge about profitable customers is vital for CRM, as it aids the development of a 'learning relationship' between the organisations and customers (Sin *et al.*, 2005). Information on customers can be captured indirectly through business intelligence tools such as data mining, or directly through employees. However, it is a daunting challenge to persuade employees to record and share information they have cultivated on customers (Gibbert, *et al.*, 2002), which is why organisations need to consider plans for incentives which would encourage knowledge generation and sharing.

Customer interactions with organisations are not limited to sales and marketing departments but extend to a variety of different people and departments at different levels. This suggests that CRM implementation efforts are successful when top management implements suitable processes and technologies that support knowledge management (KM) dynamics. These dynamics include coordinated information gathering and sharing throughout all customer channels (Lee-Kelley and Gilbert, 2003). KM dynamics are paramount for CRM strategy, in order to equip all staff with knowledge of customer wealth so as to enhance a long-term relationship with profitable customers (Bose and Sugumaran, 2003).

Since acquiring customer information, and subsequently customer knowledge, is a means to attaining CRM objectives, it is the case that CRM is strongly related to KM (Massey *et al.*, 2001). It is also notable that the majority of CRM projects appear to fail because of improperly conducted KM, which leads to a narrow view of the customers (Romano and Fjermerstad, 2003; Garrido-Moreno and Padilla-Melendez, 2011). Hence, from the potential synergy between CRM and KM, a theoretical model has emerged of customer knowledge management (Gebert *et al.*, 2003; Khodakarami and Chan, 2014). CRM adoption entails an organisation refining and realigning KM methods in order to obtain a value-added knowledge from and about customers, usefully revealing not only customer purchasing behaviour and trends but preferences and attitudes. Such realignment involves a change in the organisational vision and leads to enhanced learning and innovation within an organisation (Khodakarami and Chan, 2014).

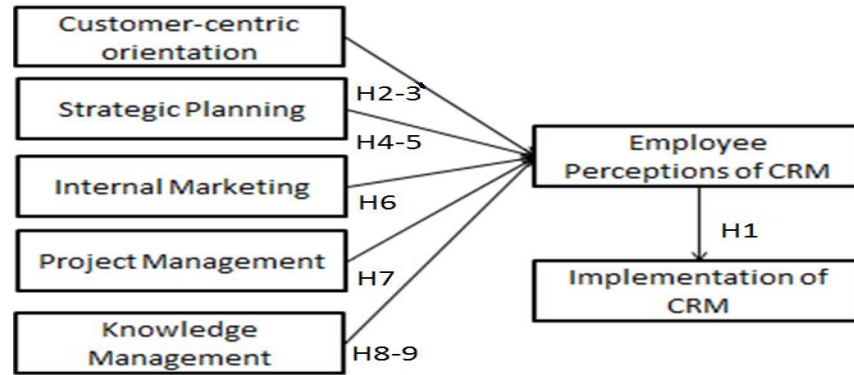
H₈: Organisational capability to manage customer knowledge will have a positive effect on employee perceptions of CRM.

H₉: Organisational capability to share customer knowledge will have a positive effect on employee perceptions of CRM.

4. Conceptual framework

Based on an extensive review of the literature, a conceptual framework has been developed for this study to incorporate areas of specific interest, as shown in Figure 2.

Figure 2: Proposed Conceptual Framework



As hypothesised, the present study examines the main factors affecting CRM adoption. These are represented as customer-centric orientation, strategic planning, internal marketing, project management, and knowledge management capabilities. Similar to other multilevel models in the literature, the conceptual model of this study suggests that each of these factors has distinct sub-factors. Taking all factors into account, the distinctive sub-factors might be taken as potential predictors of CRM adoption in a multi-stage model where employee perceptions of CRM mediate the effect of its implementation in an organisation.

5. Methodology

This research started with a preliminary qualitative study, derived from nine in-depth interviews, to investigate the subjective perceptions and experiences of a variety of marketing managers, CIOs, and employees working with CRM. This phase also served to contextualise an embedded

conceptual framework for the study, as informed by the literature pertinent to CRM conditions in Jordan, a developing economy.

A combination of literature review alongside in-depth interviews was used to identify measurement scales for variables in this study. Several existing scales across varying disciplines were consulted. The two stages of CRM adoption were measured using scale items of Ko *et al.* (2008). Customer segmentation was measured using elements developed by Reinartz *et al.* (2004). Customer satisfaction orientation was measured in accordance with Rapp *et al.* (2010). Strategic constructs (i.e. clear direction and objectives and performance measurement system) were measured using a modification of Meadow and Dibb's (2008). The scale items measuring the internal marketing and rewards construct was adapted from Plakoyiannaki's (2005) study. Project management construct was measured using elements of managing changes in CRM projects scale developed by Richards and Jones (2008). KM capabilities were measured using measures developed by Croteau *et al.* (2003).

All measurement items were piloted with three participants employed at a hotel in Jordan. The data were collected via personally administered questionnaires distributed to practitioners of ten organisations across four sectors in Jordan: Banking, Telecommunications, Hospitality and Automotive Services (see Appendix I). In investigating CRM adoption across a spread of industries, it was anticipated that the research data from this study would yield a rich and diverse picture of different kinds of potential challenge to CRM adoption. Of the 400 questionnaires distributed, 322 were returned giving a response rate of 80%. After screening and reviewing the questionnaires, 21 responses were found to be invalid due to a large number of missing values, thus excluded from the study. This left a total number of 301 fully completed responses that were valid for final analysis, that is, for a valid response rate of 75%. This response rate is on a par with previous social science studies which deem the quality of data acceptable.

6. Findings

6.1 Exploratory factor analysis

Sin *et al.* (2005) argued that the measurement scales of CRM are still not sufficiently specific to allow for valid and reliable measurement. As CRM constructs and measure items are, to an extent,

discipline-derived, exploratory factor analysis (EFA) was used as an initial step to find out whether the underlying factors of the items were those suggested in the conceptual model and whether new items in the survey were grouped to the same extent as proposed. A KMO statistic of .92 indicated that factor analysis was an appropriate technique for reducing and summarising the scale items in this study (Tabachnick and Fidell, 2001). EFA using varimax rotation was performed as a data summarisation technique to ascertain the underlying structure of the data. Using the 0.5 factor loading criterion, altogether 7 items with smaller or cross-loadings were eliminated from an initial pool of 37 items, resulting in 30 scale items to measure 8 factors affecting CRM adoption. Cumulatively, the 8 factors explained 67% of the variance of the quantitative data, which was deemed sufficient to represent the data.

6.2 Measurement model

The structural equation modelling (SEM) approach was employed using the two-step model-building recommended by Anderson and Gerbing (1988): assessment of the measurement model and assessment of the structural model. Confirmatory factor analysis using AMOS 22 provides evidence of the measurement model validity based on the goodness-of-fit measure and quantitative measures of constructs reliability and validity

Based on an examination of the goodness-of-fit model variables, modification indices, and largest standardised residuals, seven items were deleted from the original measurement items. A total of 23 items were used to measure all adoption factors in this study (see Appendix II). After deriving the best-fitting measurement model, a study model and related instruments were tested and assessed for validity and reliability (Hair *et al.*, 2006). In investigating reliability, items used to measure the constructs in the conceptual model were found to be highly reliable with all three measures of convergent validity test exceeding Anderson and Gerbing's (1988) suggested levels of acceptance (i.e., 0.70 for construct reliability, 0.50 for AVE, and 0.70 for construct reliability), as shown in Table 1.

Table 1: Summary of Measurement Model - Convergent Validity

Factor	Number of Variables	AVE	Composite Reliability	Cronbach's Alpha
Segmentation (SEGM)	2	.63	.75	.75
Customer Satisfaction (CS)	3	.55	.77	.77
Clear Direction and Objectives (CLRD)	3	.68	.86	.86
Performance Measurement System (PMS)	3	.53	.77	.76
Rewarding CRM Usage (RCRM)	3	.68	.80	.80
Project Management (PM)	3	.51	.76	.75
Customer Knowledge Management (CKM)	3	.62	.83	.83
Customer Knowledge Sharing (CKS)	3	.62	.83	.82
Employee Perceptions of CRM (PER)	4	.55	.83	.83
Implementation of CRM (IMP)	5	.55	.77	.77

As indicated in Table 2, AVE estimates were greater than the corresponding interconstruct squared correlations. Therefore, the discriminant validity between factors in the measurement was able to be demonstrated.

Table 2: Discriminant Validity Results

	SEGM	CS	CLRD	PMS	RCRM	PM	CKM	CKS	PER	IMP
AVE	.63	.55	.68	.53	.68	.51	.62	.62	.55	.55
SEGM	1									
CS	.26	1								
CLRD	.19	.33	1							
PMS	.20	.24	.45	1						
RCRM	.09	.09	.19	.20	1					
PM	.28	.29	.30	.25	.26	1				
CKM	.16	.33	.34	.28	.18	.45	1			
CKS	.21	.20	.27	.20	.10	.28	.23	1		
PER	.13	.37	.43	.40	.16	.22	.36	.20	1	
IMP	.16	.26	.36	.28	.24	.28	.22	.16	.28	1

Following an acceptable fit of the measurement model ($\chi^2=1397$, AGFI= 0.79, CFI= 0.91, RMSEA= 0.04), the structural model was then tested and a good-model-fit was established; $\chi^2=1380$, AGFI= 0.81, CFI= 0.90, RMSEA= 0.04.

6.3 Structural effects

In order to achieve a rigorous results when testing the nine directional hypotheses in Table 3, a rigid level of significance within one-tailed testing was used ($p < 0.05$).

Table 3: Total Effects

Hypothesis number	Relationship	Path estimate	Standard error	t-value	P-value	Result
H ₁	Perception → Implementation	.22	.11	1.86	.03*	Supported
H ₂	Segmentation → Perception	.25	.09	2.83	.00*	Supported
H ₃	Customer satisfaction → Perception	-.03	.06	-.51	.30	Rejected
H ₄	Clear objectives → Perception	.19	.09	2.10	.01*	Supported
H ₅	Performance management → Perception	.19	.07	2.50	.00*	Supported
H ₆	Rewarding CRM usage → Perception	.04	.04	.86	.19	Rejected
H ₇	Project management → Perception	-.08	.10	-.77	.22	Rejected
H ₈	Customer knowledge management → Perception	.20	.09	2.18	.01*	Supported
H ₉	Customer knowledge sharing → Perception	.07	.07	.97	.16	Rejected
	Clear objectives → Implementation	.36	.11	3.10	.00*	
	Rewarding CRM usage → Implementation	.16	.06	2.61	.00*	
	Project change control → Implementation	.24	.10	2.35	.01*	
<i>Model Fit statistics</i>						
	χ^2	1380				
	Degree of freedom (Df)	811				
	χ^2/Df	1.70				
	AGFI	.81				
	RSMEA	.40				
	CFI	.90				
	<i>Variance Explained (R²)</i>					
	Perception	.62				
	Implementation	.50				

Five out of the nine research hypotheses were supported; H₁, H₂, H₄, H₅ and H₈. The t-values (1.86 and 2.83) exceeded the recommended threshold of the one-tailed test at 1.65 with significant levels less than 0.05. The other four hypotheses were rejected.

As shown in Table 3, the relationship between employee perceptions and CRM implementation within an organisation was found to be strong and significant ($\beta = 0.22$, $t = 1.86$, $p < 0.05$). The results suggest that clear direction and objectives, performance management system, customer segmentation, and customer knowledge management capabilities have positive significant impact on employee perceptions ($\beta = 0.19$, $\beta = 0.19$, $\beta = 0.25$ and $\beta = 0.20$, respectively, $p < 0.05$). Although not hypothesised, the results also showed that three sub-factors, clear direction, rewarding usage, and controlling projects changes were significant predictors of CRM implementation within organisations. Hence, having a clear direction for CRM implementation was found to be only element affecting both stages of CRM adoption. Overall, this study suggested that there were 6 factors out of 8 affecting the CRM adoption process.

7. Discussion and conclusions

In this study, a holistic conceptualisation of the major factors affecting organisational adoption of CRM systems was developed. It was posited that this would help organisations to avoid a narrow view of CRM and to realise its full benefits. Accordingly, this study was based on ten companies across banking, telecommunications, hospitality and automotive industries in Jordan. This diverse population of industries was seen as likely to present a diversity of potential challenges to CRM adoption and to inform conclusions which would be generalisable across industries. In order to develop a holistic view of CRM, an overly narrow vision relating to marketing, management and information technology disciplines was highlighted in this study. A discussion of the results as relevant to those three disciplines follows.

The dominant critique of CRM articulated in the marketing literature is that when organisations ignore customer-centric orientation, CRM is notorious for failing (Reinartz *et al.*, 2004; Kim *et al.*, 2012). Typically, crafting customer-centric strategies starts with customer segmentation (Meadows and Dibb, 2012). The notions of customer segmentation and CRM have been tied closely in many studies (eg: Bailey *et al.*, 2009). Findings of this study assert that effective use of segmentation analysis, precisely to evaluate customers' lifetime value and targeted segments, is a critical part to help staff relate more easily to CRM values. This implies that employees understand and realise the benefits associated with CRM when their organisations focus on generating insight into individual customer needs, as an essential business strategy and philosophy. Thus, if firms want to support CRM adoption, they have to focus themselves to embrace segmentation strategies in order to create an organisational environment that encourages employees to move forward and accept CRM initiatives.

From a management perspective, the nature of the CRM adoption problem includes the strategic plan, internal marketing and project management dimensions. In their quest for sustained success, businesses are expected to re-engineer their strategies to focus on building relationships with the customer, by incorporating CRM initiatives into their strategies (Tukel and Dixit, 2013). Based on this, strategic planning at a corporate level can help businesses to maintain a strategic fit between business strategy and CRM adoption, as the two spectrums need to adapt the new customer-centric philosophy (Ocker and Mudambi, 2003). Internal marketing also plays a vital role in resolving CRM adoption issues (Christopher *et al.*, 2002). Accordingly, project managers need to implement

specific CRM initiatives in order to achieve CRM goals. These initiatives include creating a multi-functional project team, agreeing specific objectives, providing detailed implementation plans, appropriate training of users, clear milestones, carrying out monitoring, and motivating employees (Reynolds, 2002).

First, the results confirm the important role of providing clear objectives for CRM projects and a means for evaluating its performance, in order to set up desired expectations among all stakeholders (Gurau *et al.*, 2003). Setting a clear direction and goals of CRM, aligned with the overall organisational vision will ensure cross-functional integration between departments to create and deliver value to customers and organisations (Steel *et al.*, 2013). These statements reinforce Brown and Vessey's (2003) suggestion that having clear CRM objectives enables strong support among senior management, in order to create an organisational environment that is conducive to effective implementation of CRM strategy across the organisation. Hence, organisations need to identify the CRM objectives which are right for them, by focusing on their particular ideology for building relationships with customers, and rolling this into an overall business strategy. If such strategies are clear and visible to employees, there is a greater likelihood that they will then perceive and respond to CRM trends. A possible benefit from strategically measuring the performance of CRM could be the opportunity to assess and diagnose its progress, which would result in tailoring CRM measures that are valuable and relevant to each group of stakeholders' responsibilities. This would eventually lead to the acceptance of CRM by varied stakeholders.

Second, rewarding CRM usage has direct influence on its strategy/technology implementation in an organisation. This shows that factors affecting CRM adoption can have a different effect at different points in the adoption process. Although this claim is supported by many IT researchers investigating innovation adoption (eg: Damanpour and Schneider, 2006), prior studies in the business discipline do not seem to recognise that factors affecting CRM adoption vary at different stages. These results suggest that rewarding usage encouraged organisations to embrace CRM technologies, even when employees were not yet comfortable with these. In this event, it can be argued that employees are moved rather than motivated. This is strongly connected with Herzberg's argument (1987 as cited in Bassett-Jones and Lloyd, 2005), that it is 'because of movement' - in this context movement towards the implementation of CRM - that 'traditional

individualised incentives' seem appropriate for rewarding employees. Such movement and rewards are no guarantee of employees' motivation to change, though.

Third, the results indicate that managing changes in CRM projects does not influence the perception of CRM amongst employees, but does influence its implementation. There are differences observed in this study and in prior studies (eg: Man *et al.*, 2006) with respect to the influence of project management on employee perceptions within an organisation. These could be attributed to the reality that unless organisations have sufficient project management skills to immediately respond to employee concerns, CRM risks an inauspicious start. CRM is a long project and employees might not perceive progress until they see the results of change.

IT researchers recognise that organisational ability to manage customer knowledge will lead to a better understanding of CRM and subsequently more innovativeness in an organisation (Rigby *et al.*, 2002). The importance of understanding the link between KM and CRM adoption is that organisations can provide the infrastructure and resources to support CRM. Hence, organisations need proactively to incorporate customer knowledge into their services, strategies and operations, in order for employees to value CRM capabilities. Nevertheless, the results show that even if organisations engage with the process of sharing knowledge, employees may fail to foresee reciprocation or even the benefits of CRM. Such results relate to prior studies (eg: Lee-Kelley and Gilbert, 2003), which have claimed to identify practical issues with CRM and KM integration. According to Garrido-Moreno and Padilla-Melendez (2011), if an organisation does not redesign its organisational structure to integrate KM capabilities, employees will lack interest in CRM. With these claims in mind, this study argues that the nature of sharing knowledge may have different intrinsic properties: a nuanced insight which may not have been sufficiently investigated in prior studies of CRM.

In conclusion, despite the continuous growth in the number of organisations integrating CRM into their strategies and systems, there are a plethora of issues and challenges in existing approaches to CRM adoption within organisations (Forrester, 2014). This study offers insights into CRM adoption and its paradoxes by investigating and integrating multiple theoretical approaches. Hence, this study provides businesses with academic inputs to help them improve their empirical

practices. The research provides key academic and practical contributions to the field of CRM by highlighting the value of the following aspects:

- Developing a broad yet holistic understanding of CRM
- Employee perceptions of CRM benefits
- Understanding the variation in issues depending on the phase in the life-stages of the CRM adoption
- Segmenting customers based on their lifetime value
- Setting clear objectives and monitoring the strategic performance of CRM
- Internal marketing and rewards
- Examining the rhetoric and reality of internal marketing efforts
- Redesigning an organisational structure to integrate knowledge management capabilities

8. Contribution, implications and limitations

This study offers a number of theoretical implications. First, the most important contribution of this study is the delineation of CRM antecedents. By integrating multiple theoretical approaches from different domains in the literature with empirical illustration, this study illuminates a number of aspects of potential drivers of CRM adoption: segmentation analysis orientation, strategic planning, internal marketing, project management, and knowledge management. More specifically, this study argues that businesses need to position CRM in the strategic context of customer-centricity and segmentation. This means that organisations need to align their strategies with CRM objectives, which then needs to be aligned with customers. Doing so will assist employees to perceive the benefits of their organisations adopting CRM as a way to enhance customer relationships. Understanding what constitutes employees' perceptions is essential because it is a critical determinant in how organisations relate to CRM across their organisation. Such an understanding has important implications not only for the adoption but also the sustainability of CRM.

The second contribution of this study lies in the development of a multi-stage framework to understanding CRM adoption, comprising direct as well as mediated relationships. Although both stages (employees and organisational) in the adoption process may be familiar to scholars, the value of this study lies in integrating these two stages of adoption, whereby offering a more holistic

picture of CRM. There is a scarcity to date in multi-stage empirical investigation of the influence of factors on CRM adoption in organisations, and from a multi-disciplinary review of different stages of different stages of the adoption process, in the CRM literature. The encouraging results in this study offer an alternative view of CRM adoption at individual and organisational levels.

The third contribution is the demonstration of different measurement scales of CRM and its relevant concepts. Such valid and reliable measurement scales address the conceptual and measurement issues surrounding the development of CRM theories. By doing so, theoretical understanding may be advanced in discovering how CRM can best be adopted by organisations. According to Sin *et al.*, (2005), the development of a CRM paradigm is hindered by the lack of systemic studies attempting to develop valid and reliable measurement items for CRM.

The findings of this study are useful for practitioners to know how CRM adoption can be addressed by adopting a more enlightened approach. This is important as organisations are challenged by CRM adoption, which can create situations of eminent failure. CRM introduces a new way of thinking about and approaching businesses and aligning organisational resources around building relationship with customers. Our findings suggest that the adoption of CRM requires the use of a new set of four emerging concepts to alter employee perceptions. First, by virtue of strategic plan, managers need to set clear objectives and goals for CRM implementation so employees can have an initial idea of what CRM potentially does for the organisation. Second, as managers embrace strategic planning, CRM performance should be embedded in the performance measurement system of the organisation, so employees can perceive management commitment as sincere and resolute. Third, businesses should apply the principle of market segmentation well ahead of time, as segmentation helps employees to appreciate CRM as a means of developing greater power of customer insight. Finally, the development of organisational capability to manage customer knowledge reflects on employee perceptions of CRM, as proper handling of customer data is essential for employees to justify CRM initiatives.

If management wishes to boost the implementation of CRM strategies/technologies, a number of initiatives should be in place: clear objectives of CRM, rewarding CRM usage and controlling changes in CRM projects. However, the results strongly call into question the common practice of managing employees' perceptions of CRM, as it is not as straightforward as it may seem.

Specifically, businesses need to pay more attention to employees when designing and evaluating their internal rewards and project management efforts. As these efforts do not seem to instil greater perception of CRM, it can be argued that such efforts risk merely moving employees when the goal has been rather to motivate them to work with CRM. This is significant in that prior research has stressed the importance of focusing on employee issues when implementing CRM (Shum *et al.*, 2008). But the difficulty of genuinely making employees adopt CRM is another pointer as to why CRM tends to be limited to a tactical rather than a strategic level. Hence, businesses should question the validity of any fallacious techniques or approaches.

So much of this study reaches beyond the adoption of CRM practices. There are lessons for organisations seeking to launch many projects and adopt many new practices. First, organisations that aspire to pursue creative ideas and approaches should seek to encourage creativity by developing a working environment that is conducive to innovation, change and continuous learning orientation. Second, while the capabilities of an organisation to react quickly and support new solutions must start at individual level within the organisation, this study proves that these capabilities are impacted by a variety of organisational variables such as strategy, customer orientation and knowledge management capabilities. These variables are proved to be useful in explaining how organisations influence the attitudes and behaviour of organisational members, why some organisations are more innovative and more willing to adopt new methods, and why some organisations are more successful than others. Third, there will be on going knock-on ramifications required, particularly in changing employee attitudes, shaping the culture of an organisation, and providing top management support and commitment. These ramifications should be raised if the implementation of new desired practices is to occur. Failure to address these matters will leave organisations unable or unprepared to adopt innovative approaches/strategies.

Future research should address the limitations apparent in the current study. First, there is a need to assess the generalisability of the conceptual model and extend it to other businesses environments, (ie: Europe and the USA). This is mainly because different cultures can bring different themes and perspectives to the CRM domain. Second, future research needs to investigate what manifests as good CRM performance. Business performance is a multi-dimensional concept that may be related to several aspects, including customer satisfaction, employee satisfaction, return on investment, market share and sales growth. Third, although this study did not investigate

the dark side practices of CRM, we view our results as linking to this area because they indicate that organisations and employees who are concerned about customer satisfaction have negative perceptions of CRM offerings. Hence, this study draws attention to the necessity for further research, to explore the dark sides of CRM practice. Finally, this study does not seek to incorporate the psychology discipline, with particular reference to motivation, social and workplace creativity issues. Further research should incorporate this discipline and these issues to shed light on any motivational reasons affecting CRM adoption.

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Appendix I. Organisations' Characteristics

Variable	No of respondents	Percent (%)
Industry		
Banking and Finance	99	32.8
Telecommunication	83	27.4
Hotel	81	26.9
Automotive	38	12.6
Number of employees		
25 or less	7	2.3
26-50	8	2.7
51-100	12	4.0
101-155	3	1.0
151-200	13	4.3
More than 201	258	85.7
Turnover		
Less than 25m	86	28.6
26m-50m	52	17.3
51m-100m	33	11.0
101m-155m	6	2.0
151m-200m	19	6.3
More than 201m	86	28.6
Ownership type		
Sole proprietorship	20	6.6
Partnership	128	42.5
Joint venture	117	38.9
Subsidiary	10	3.3
Associate company	2	.7
Corporation	6	2.0
Other	18	6.0
Operation of the organisation		
Regional	108	35.9
International	193	64.1
Speed of response to change		
Slow	11	3.7
Fair	120	39.9
Fast	170	56.5

Appendix II. Factors and Scale Items

Factor	Variables
Clear direction and objectives	Clear business goals related to customer acquisition, development, and retention.
	The majority of the employees are aware of the organisation's vision.
	Approaching customers as an important part of the organisational vision.
Performance management system	There is a set of clear priorities for CRM projects.
	These CRM projects are consistent with the organisation's vision and statements.
	Regularly measuring the effectiveness and the success of CRM activities.
Segmentation	Using customer information to segment markets.
	Segmenting customers based on their lifetime.
Customer satisfaction	Organisation strategy is driven by customer satisfaction.
	Frequently and systematically measuring customer satisfaction.
	Responding quickly to negative customer satisfaction wherever it may occur.
Rewarding CRM usage	Organisation policy which rewards the use of CRM.
	Rewarding employees who use CRM to provide excellent customer service.
	The reward systems encourage employees to work with CRM system.
Project management	Giving users' ideas due attention in the CRM planning and implementation process.
	Meeting changes in CRM requirements by users or due to business environment change.
	The IT function has the ability to adjust CRM project plans on an ad hoc basis.
Customer knowledge management	Providing fast customer response because of integrated customer knowledge across several functional areas.
	Providing fast decision-making due to customer knowledge availability.
	Providing authentic customer information for quick and accurate interaction.
Sharing customer knowledge	Individual customer information is available at every point of contact.
	Information on customers is disseminated throughout the organisation.
	Customer information is redirected to the right people.
Employee perceptions of CRM	Increase customer satisfaction.
	Increase customer retention rate.
	Increase revenue and profitability.
	Enhance customer relationships.
Implementation of CRM	Offering customer loyalty programs
	Managing customer loyalty
	Developing member-only site in your organisation's website
	Categorising/segmenting customers based on spending (lifetime value)
	Providing products and services in one place